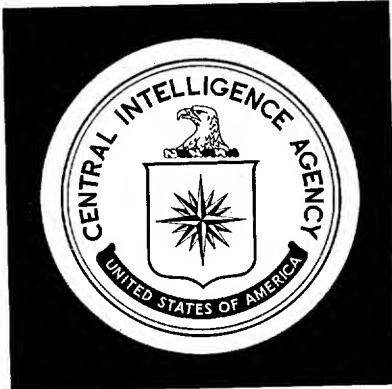


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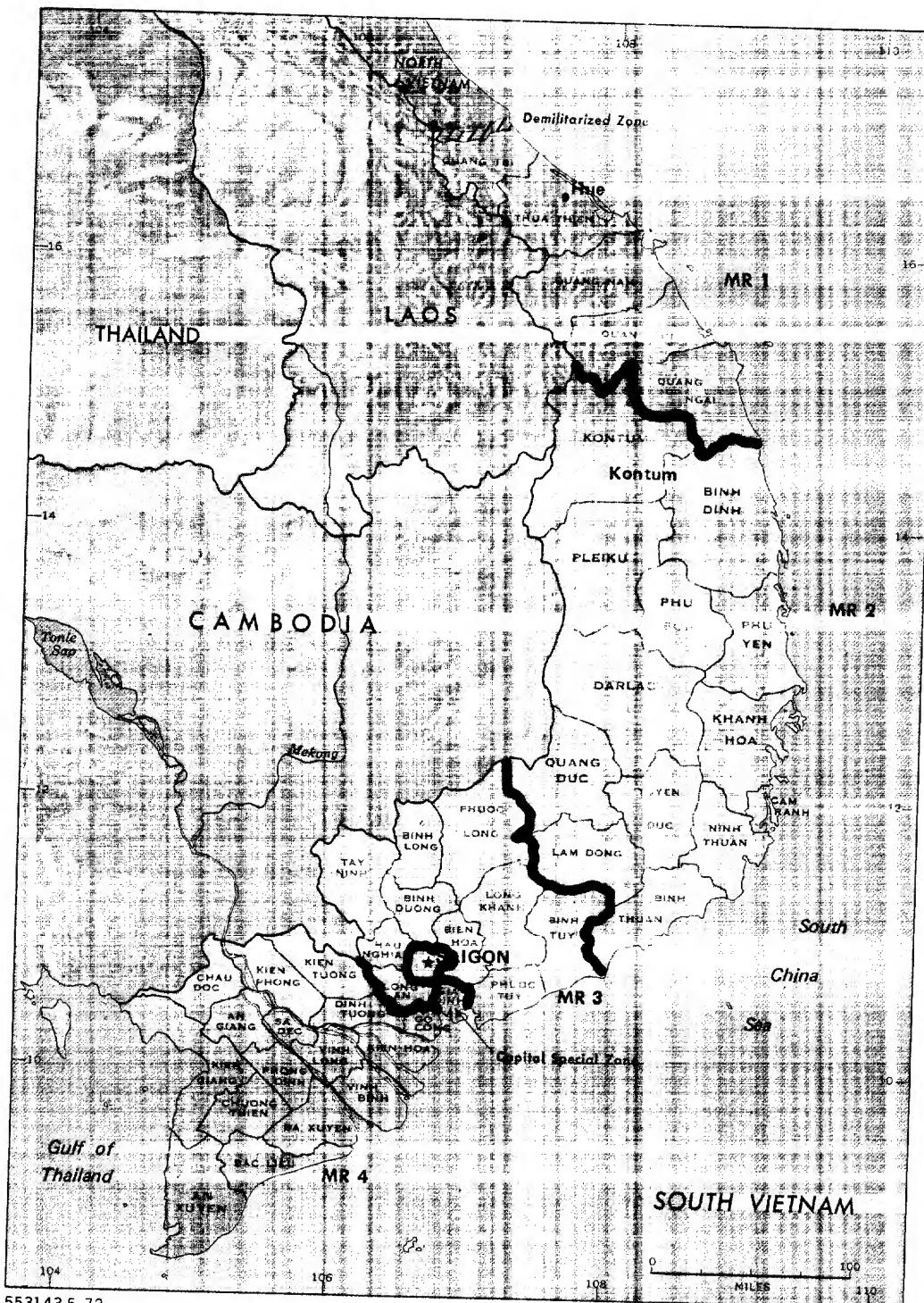
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C VIETNAM: The Communists are increasing pressure on government positions in several areas.

In the central highlands North Vietnamese forces supported by tanks mounted new attacks during the night against the defenses of Kontum City. Five enemy tanks have been knocked out. Preliminary reports indicate that the main enemy attack has been repelled, but fighting continues in the area. Yesterday North Vietnamese sappers infiltrated the city and skirmished sharply with government troops before being beaten back. Heavy and accurate enemy shellings also knocked out a number of South Vietnamese artillery positions around Kontum and closed the airfield.

Heavy fighting also broke out again north of Hue overnight as North Vietnamese infantry and tank forces attacked South Vietnamese marine lines. The enemy reportedly failed to make a major penetration, and casualties on both sides are said to be substantial. The South Vietnamese marines raiding behind enemy lines in Quang Tri in recent days, meanwhile, report that they have destroyed large quantities of enemy equipment and supplies. The enemy losses, however, will tend to be offset by the substantial quantities of supplies the enemy is continuing to move into northern South Vietnam from Laos.

Some of the supplies evidently are intended for the enemy buildup in the area west of Hue.

* * * *

Although the Communists are continuing to position their forces for offensive operations and are keeping pressure on government forces on the major battlefronts, they apparently view their recent **)**

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[C] battle performance as less than satisfactory.

[redacted] the Vietnamese Communist high command in the southern provinces has issued an assessment of the offensive that observes that Communist military forces and political cadre had fallen far short of their objectives by mid-May.

The document criticizes the military units for scattering rather than concentrating their assets, and describes the Communist political operation in the cities as "paralyzed." The guidance differs markedly from an earlier optimistic assessment issued by the same headquarters last month.

In North Vietnam, the regime is apparently still having problems with the performance of its cadre following the step-up in US bombing and the increased efforts needed to support the offensive in the South. The first hint that dissatisfaction has reached the point where the regime is at least considering a purge of deficient cadre was contained in an article on 16 May in the Hanoi city newspaper by an official of the local party committee. He claimed that, in a combat situation, the "small segment" of party members who are unequal to the new tasks are "no longer worthy of being party members." These cadre must be ostracized "in time" in order to keep the party "clean and steadfast."

The article appeared only a few days after the regime had announced strict new security measures to curb "socialist abuses." Whether the problems go beyond effective performance by cadre and reflect some cadre dissatisfaction with Hanoi's policy on the war is not evident at present. [redacted]

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USSR: A plenum of the central committee of the Ukrainian Communist Party on 25 May elected Vladimir Shcherbitsky first secretary, replacing Petr Shelest.

The change in the Ukrainian leadership had been expected since Shelest was appointed to the less important position of deputy chairman of the USSR Council of Ministers last week. Ukrainian Premier Shcherbitsky was the logical choice. At the 24th party congress in March 1971, Shcherbitsky, a long-time protege of party chief Brezhnev, became a full member of the politburo in an election engineered by Brezhnev--an event which now makes it clear that Shcherbitsky was being groomed as Shelest's successor.

The coincidence of recent events suggests that Shelest, who has a reputation as a critic of detente, lost out in debate over foreign policy. His demotion would seem to strengthen Brezhnev's hand in foreign policy. Shelest has also been a critic of some of Brezhnev's internal policies and the demotion may ultimately have an effect in this area. Shelest may well retain his CPSU politburo seat for some time, however, as have Shelepin and Voronov, who were previously demoted to jobs not calling for politburo status.

In moving up to become first secretary, Shcherbitsky will soon give up his position in the Ukrainian government. The speedy change in the Ukrainian leadership avoids the potential embarrassment of having President Nixon meet with Shelest during his visit to Kiev next week.

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JAPAN-CHINA: Prime Minister Sato has given the clearest public signal to date that Japan is prepared to move forward in normalizing relations with Peking.

In Diet debate on 24 May, Sato expressed a fundamental awareness that the Peoples Republic of China is the "sole legitimate" government of China. This explicit acknowledgment departs from Japan's long-standing formulation that the Peoples Republic is merely the government that represents China, and it meets one of Peking's conditions for the restoration of relations. Sato used the rationale of China's entry into the UN to support the need for normalization. He skirted, however, China's demands that Tokyo comment on the territorial status of Taiwan and abrogate its peace treaty with Taipei.

Sato billed his remarks as a necessary response to the "flexibility" demonstrated by Chou En-lai last week. Meeting with a visiting Japanese opposition party delegation, the premier said that China would welcome a visit by a representative of the Japanese Government after Sato's retirement if Tokyo adhered to Peking's three principles for normalization. There have also been indications that Peking is taking a softer line on these conditions.

Sato publicly acknowledged for the first time on 24 May that the Japanese Government has attempted to communicate directly with Chinese leaders. His latest comments were made at his own initiative and should lay the groundwork for more rapid progress after his expected retirement this summer, although there may not yet be full consensus within the government on how to proceed.

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CHILE: Communist Party leaders, temporarily successful in the showdown within the Popular Unity (UP) coalition over violent tactics, are now ready to compromise on some other issues.

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The Communists,

[redacted] agree with President Allende that the constant conflicts within the UP must cease. They reportedly have dropped their opposition to a cabinet reorganization, so long as they continue to hold the same ministries. Fearing that Allende's opposition to a plebiscite is weakening, they will reluctantly accept the Socialists' insistence on using this device to test public support for the government.

On the use of violence, however, no lasting agreement is likely. The Communists do not believe that the Socialist leaders' recent public repudiation of the violent activities of the Movement of the Revolutionary Left (MIR) will end their behind-the-scenes support for the increasingly active MIR. In fact, neither the Socialists nor national leaders of smaller extreme leftist UP parties can--or want to--control local members who prefer to make common cause with the MIR.

The Communists are shrewd enough not to unite their UP rivals by pushing the advantage they gained last week on the violence issue. They are well aware that in several areas, such as labor union elections next week and the mismanagement of the Chuquicamata copper complex, they are themselves vulnerable to challenge. They are conscious too that despite Allende's preference for the cautious tactics the Communists favor, he has often given in to hard-line Socialist pressures on vital issues.

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ITALY: Formal consultation leading to a new government will begin soon but the prospects for forming a lasting coalition remain uncertain.

Informal exchanges among top political leaders show a willingness to reconstitute a center-left coalition but only if the Socialist Party retreats from its demands that the Communists be allowed to contribute to legislative programs. So far, Socialist leaders have not publicly committed themselves, and they may not take a final position until internal problems are sorted out at a national party congress next autumn.

The attractions of power and patronage will be difficult for the Socialists to resist. Ultimately they probably will submit to coalition discipline and drop their insistence on a greater parliamentary role for the Communists. Top Socialist leaders reportedly have agreed on this tactic but prefer to wait a decent interval before they drop the theme they argued so vigorously for during the campaign.

In the interim, Italy will be governed by a minority coalition or an all-Christian Democrat caretaker government. The Socialists reportedly are prepared to support a tripartite combination composed of their former center-left partners (Christian Democrats, Social Democrats, and Republicans) as long as it is understood that the Socialists will be included in a more permanent center-left coalition after the fall party congresses.

Christian Democrat leaders also prefer a temporary tripartite government. They are concerned that Italy's many problems will seriously weaken their party if they continue to govern alone. If the Christian Democrats and Socialists postpone a decision on future cooperation until

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after their party congresses in the fall, an all-Christian Democrat government may be the only solution available in the near term.

The newly elected parliament convened yesterday and will spend its first few sessions electing officers to head the Senate and Chamber of Deputies. After this is resolved the floor leaders of the various parties are elected and formal consultations prior to the naming of a premier-designate by President Leone will begin.

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SUDAN: The pro-Egyptian faction in the government is stiffening its opposition to President Numayri's moves toward the West.

Minister of Economics Mansur confided to a US official in Khartoum that Numayri was coming under increasingly heavy criticism for going too far in developing ties with Western nations, especially the US. In Mansur's view the benefits to be derived from a formal resumption of relations with the US would be outweighed by the political storm this action would generate.

Mansur's observations should be interpreted against a background of worsening Sudan-Egypt relations and the ouster over the past three months of a number of ministers and other officials who favor close ties with Cairo. Numayri has now begun to weed out a number of pro-Egyptian army officers from responsible positions, and he is said to be ready to move against some of his remaining critics in the cabinet.

The Egyptians and their friends in the Khartoum government have tried to halt Numayri's gradual loosening of Sudan's ties with the Arab world and to turn him away from his concentration on domestic problems. The almost daily meetings of the political bureau of the ruling Sudan Socialist Union over the past week could indicate a climactic debate on these issues, particularly on foreign policy. [redacted]

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COCOM: The European allies are on the verge of a serious split with the US on the issue of controls on strategic trade with Communist countries. At a meeting this week in Paris of the Coordinating Committee (COCOM) dealing with periodic list review of export items, the British delegate walked out because the US could not yet present its final position on UK requests for relaxation of controls on certain communications items. The British regard these items as touchstones for the success of the entire list review and noted that COCOM credibility is already being challenged politically and by industry circles. The UK delegate charged the US with "apparent contempt" for others' views. The British have been supported by the other Europeans and, in the view of the US mission in Paris, COCOM's survival might be threatened in the absence of a more forthcoming US position in the communications area.

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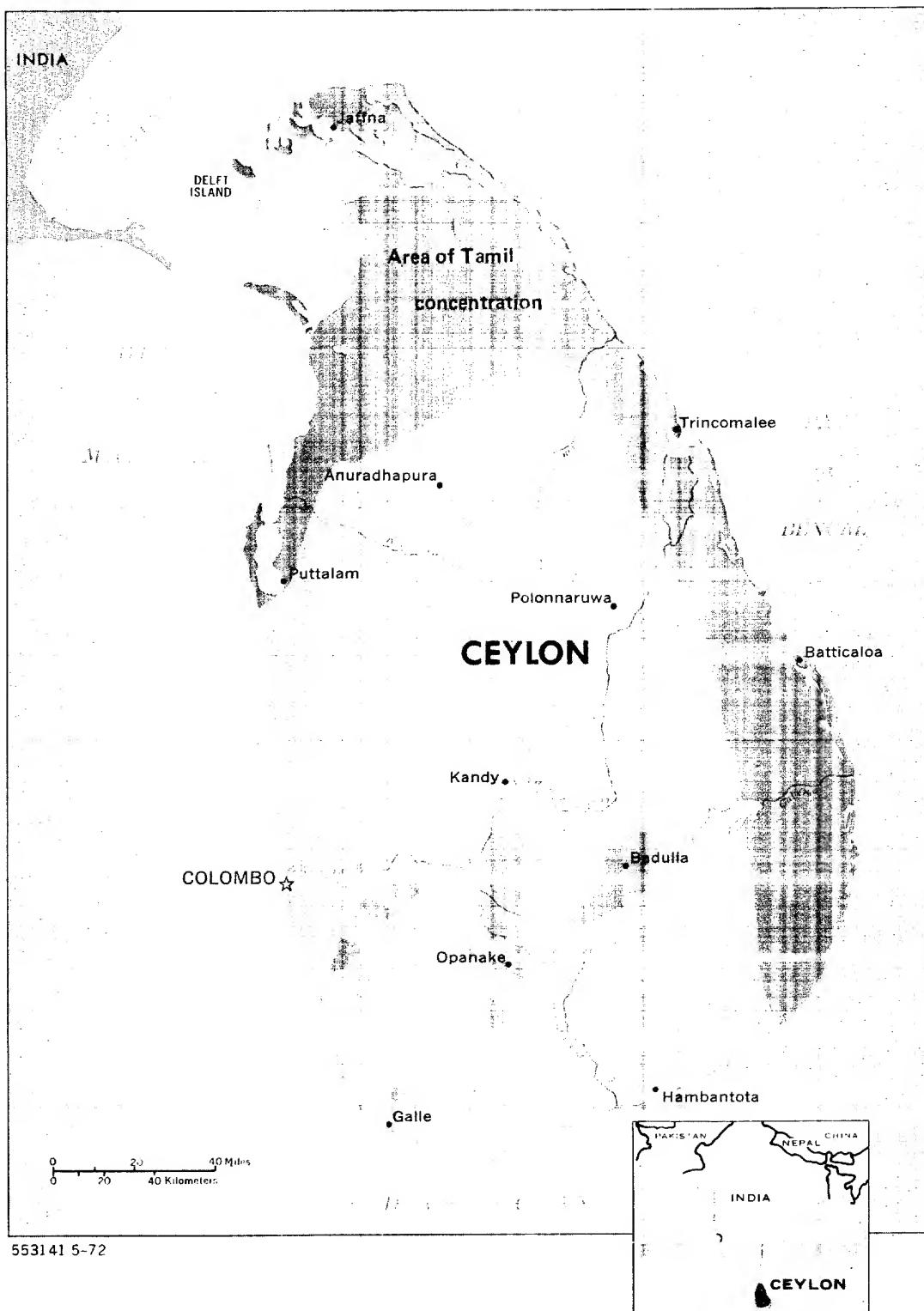
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CEYLON: The minority Tamils are becoming more active in protesting the new constitution enacted last Monday. The Tamils, who comprise about 22 percent of the population, insist that the new charter does not adequately guarantee the use of their language in Tamil areas of the country. Although most of the protest activities have remained non-violent, Tamil students in the Jaffna peninsula reportedly have begun barricading roads, clashing with the police, and damaging vehicles and public facilities. Similar incidents on a smaller scale have been reported at Trincomalee and Batticaloa, which, like Jaffna, are located in areas where Tamils are concentrated. Government security forces apparently have been exercising restraint so far and have avoided the use of firearms. They may, however, be forced to become tougher, particularly if large numbers of Tamils decide to support the students rather than the more restrained Tamil political leaders.

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